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May 4, 2022

The Honorable Katherine Tai
United States Trade Representative
Office of the United States Trade Representative
600 17th Street, N.W.
Washington, D.C. 20508

Dear Ambassador Tai:

As you visit Canada this week to conduct bilateral meetings with Canadian cabinet officials, stakeholders, and business owners, I write to express concern that the Government of Canada continues to move forward with its Underused Housing Tax proposal. First unveiled in the Government of Canada's Budget 2021 document, the proposal was included in Budget 2022 document as well, and now has advanced to a draft of legislation before the Parliament of Canada. As we have discussed, most recently during the House Committee on Ways and Means Hearing on the Biden Administration's 2022 Trade Agenda on March 30th, this tax is expected to impact many of my constituents, and Americans across the country who own property in Canada. I write to urge the discussion of this topic during this week's bilateral conversations.

The proposed Underused Housing Tax would enact a 1% tax on the value of non-resident, non-Canadian owned residential real estate that is defined as vacant or underused. While the Government of Canada's current draft bill incorporates exceptions for vacation homes, such as homes that are not winterized, homes in Census agglomerations of fewer than 30,000 residents, and homes that are occupied for greater than four weeks of the calendar year, many modest properties owned by Americans do not meet these exemptions. For example, Fort Erie, Ontario has a population of 30,710, above the currently proposed threshold, and an estimated 15% of properties in the town are owned by Americans according to Mayor Wayne Redekop.¹ Furthermore, any restriction of property ownership on the basis of nationality violates the bedrock non-discrimination principles of the United States-Mexico-Canada Agreement (USMCA).

The shared community and culture between the United States and Canada is a unique, mutually beneficial economic and social bond that we must prioritize and foster for the prosperity of the two countries. A punitive tax on non-Canadians will jeopardize this relationship and harm many on both sides of the border in the process. As the Government of Canada continues to advance this proposal, I urge discussion

¹ Whalen, Ryan. "Proposed new tax could impact Americans with Ontario cottages" *Spectrum News*, February 1, 2022. <https://spectrumlocalnews.com/nys/buffalo/politics/2022/02/01/proposed-new-tax-could-impact-americans-with-ontario-cottages>

of these concerns in conversations this week. Thank you for your attention to this most important matter.

Sincerely,

A handwritten signature in blue ink that reads "Brian Higgins" with a stylized flourish at the end.

BRIAN HIGGINS
Member of Congress